

## Message Text

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ACTION EB-07

INFO OCT-01 EA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

( ISO ) W

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R 110621Z FEB 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 5039

INFO USMISSION GENEVA

AMEMBASSY TOKYO

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GENEVA FOR MTN AND TSB DELEGATIONS

E.O. 11652: N/A

TAGS: ETRD, GATT, AS

SUBJ: AUSTRALIAN TEXTILE TARIFF QUOTAS - TSB CONSIDERATION

REF: GENEVA 0856

1. EMBASSY SHARES U.S. REPS JUDGMENT PARA 8 REFTEL  
ON PROBABILITY AUSTRALIA MIGHT WITHDRAW FROM MFA  
UNDER CIRCUMSTANCES POSTULATED. WE UNDERSTAND  
PRINCIPAL GOA DRIVE TO FOSTER INTERESTS OF  
DEVELOPING COUNTRIES. AS NET TEXTILE IMPORTER GOA  
HAD LITTLE ADVANTAGE TO GAIN FROM LIMITING ITS OPTIONS  
IN DEALING WITH IMPORTS. GOA FACED NOW WITH SEVERE  
DOMESTIC POLITICAL PRESSURE BY SENSITIVE AND DEPRESSED  
TEXTILE SECTOR MIGHT WITHDRAW FROM MFA IF CONTINUED  
PARTICIPATION EMBARRASSES IT IN MEASURES NOW UNDERWAY

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TO COMBAT HIGH UNEMPLOYMENT LEVELS.

2. EMBASSY NOT IN POSITION EVALUATE TECHNICAL POINTS RAISED REFTEL RESPECTING SUBSTANCE MFA AND INTERRELATION WITH GATT OBLIGATIONS. FURTHERMORE, AUSTRALIA DESERVES NO IMMUNITY FROM INTERNATIONAL PRESSURE TO COMPLY AT LEVELS IN FACT TRADITIONALLY ENFORCED ON OTHER COUNTRIES. WITHOUT PRE-JUDGING WHETHER PROPOSAL REFTEL IS SUCH CASE, HOWEVER, EMBASSY WOULD QUESTION DESIRABILITY AT THIS TIME OF SUBJECTING GOA TO UNUSUALLY STRINGENT BEHAVIOUR STANDARD ON GENERAL EQUITY GROUNDS NOT EXPLICITLY SUPPORTABLE IN GATT OR MFA.

3. RECENT GOA TRADE POLICY HAS REFLECTED GROWING PANIC OVER POLITICAL EFFECTS OF STEADILY INCREASING INDUSTRIAL UNEMPLOYMENT WHICH HAS NOW REACHED LEVELS NOT SEEN SINCE 1930S. TO OUR REGRET, THIS HAS PRODUCED EXCESSIVE GOA READINESS TO PLACATE IMPORT SENSITIVE INDUSTRIES WITH RESTRICTIVE ACTION AND LIGHTLY TO REVERSE PAST POLICY INTENTIONS OF THE LABOR GOVERNMENT. WE ARE FRANKLY UNCERTAIN WHETHER THIS RETREAT IS IRREVERSIBLE, OR WHETHER SOME ELEMENTS OF GOA WHICH WE KNOW STILL STRONGLY DRAWN TO TRADE LIBERALIZATION AND INDUSTRIAL RESTRUCTURING CAN SALVAGE SOME OF ORIGINAL LIBERAL THRUST IN THE EVENT CURRENT MEASURES REVERSE EMPLOYMENT TREND. LATTER OUTCOME MOST DESERABLE FROM THE STANDPOINT OF U.S. INTERESTS IN CONSTRUCTIVE AUSTRALIAN PARTICIPATION IN THE MTN AND MODERATION IN FUTURE AUSTRALIAN TRADE POLCIY.

4. THE QUESTION IS WHAT U.S. POSTURE TOWARD AUSTRALIA'S VARIOUS RESTRICTIVE MEASURES WILL BEST PROMOTE THIS OUTCOME. WE HAVE TWO SUGGESTIONS TO MAKE: (1) WHERE AUSTRALIA FALLS SHORT OF ITS OBLIGATIONS BY WELL ESTABLISHED, CLEARLY ACCEPTED INTERNATIONAL STANDARDS, IT SHOULD STRENGTHEN THE HAND OF CONSTRUCTIVE ELEMENTS IN THE GOA IF WE SUPPORT FIRM INTERNATIONAL OBJECTIONS AND PROPER REMEDIAL PROCEDURES; (2) ON THE OTHER HAND THE APPLICATION OF EXCEPTIONAL OR UNUSUAL PRESSURE TO AUSTRALIA SEEMS UNLIKELY TO PRODUCE CONSTRUCTIVE RESULTS AND MAY PREJUDICE ANY REMAINING CHANCE FOR MODERATE LONGER TERM TRADE POLICY. THIS WOULD SUGGEST THAT THE U.S. MAY HAVE LIMITED OFFICIAL USE

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MORE TO LOSE THAN GAIN, SO FAR AS AUSTRALIA IS CONCERNED, BY PROMOTING OR SUPPORTING AN EFFORT TO BREAK NEW GROUND IN THE APPLICATION OF GATT/MFA STANDARDS TO CURRENT AUSTRALIAN TRADE MEASURES.  
HARROP

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## Message Attributes

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**Disposition Authority:** GolinoFR  
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**Disposition Date:** 28 MAY 2004  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AUSTRALIAN TEXTILE TARIFF QUOTAS - TSB CONSIDERA- TION  
**TAGS:** ETRD, AS, GATT, MFA, TSB-TEXTILES SURVEILLANCE BODY  
**To:** STATE  
**Type:** TE  
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